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FISCAL IMPACT STATEMENT

LS 6975

BILL NUMBER: HB 1316

NOTE PREPARED: Jan 12, 2008

BILL AMENDED:

SUBJECT: Sales Tax Holiday.

FIRST AUTHOR: Rep. Mays

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a Sales Tax exemption for certain clothing, computers, school art supplies, and school supplies that are purchased during the three day period from the first Friday in August through the following Sunday.

Effective Date: April 1, 2008 (retroactive).

Explanation of State Expenditures: Implementing the Sales Tax exemption provided in this bill will increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the Sales Tax forms, procedures, and rules, as well as update computer software.

Explanation of State Revenues: The Sales Tax exemption provided in this bill will decrease state Sales Tax collection by between an estimated \$9.5 M in FY 2009 and \$9.6 M in FY 2010. The bill provides a Sales Tax exemption for certain clothing, computers, school art supplies, and school supplies that are purchased during the three day period from the first Friday in August through the following Sunday. The bill specifically lists the items included in the definition of clothing, school supplies, and school art supplies. The bill also provides price limitations on the exempt items as follows:

Item	Exempt if Price not Exceeding
Clothing	\$100
Computer	\$1,500
School Supply	\$100
School Art Supply	\$100

Sales Tax revenue is deposited in the Property Tax Replacement Fund (PTRF) (50%), the state General Fund (49.067%), the Public Mass Transportation Fund (PMTF) (0.76%), the Commuter Rail Service Fund (CRSF) (0.14%), and the Industrial Rail Service Fund (IRSF) (0.033%). The table below shows the impact on the various funds included in the Sales Tax distribution.

IMPACT ON FUNDS (in millions)			
Fund	Distribution	FY 2009	FY 2010
State G.F	49.067%	4.671	4.721
PTRF	50.000%	4.760	4.811
PMTF	0.760%	0.072	0.073
IRSF	0.033%	0.003	0.003
CRSF	0.140%	0.013	0.013
Total	100%	\$9.520	\$9.621

Explanation of Local Expenditures:

Explanation of Local Revenues: Local revenues will be impacted to the extent that a local unit receives funds from the Public Mass Transportation Fund, the Commuter Rail Service Fund, or the Industrial Rail Service Fund. Please note that although there will be a decrease in Sales Tax collections deposited in the PTRF, locals will not necessarily see a correlating reduction in their PTRC payments since those amounts are determined by appropriations enacted in the state budget bill.

State Agencies Affected: Department of State Revenue.

Local Agencies Affected: All.

Information Sources: U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, <http://www.bls.gov/cex/>. Computer Industry Almanac, www.c-i-a.com.

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